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DCI/ICS 78-1205
20 October 1978

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MEMORANDUM FOR: Director, Program and Budget Office

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FROM: Acting Director, Policy Guidance Office

SUBJECT: Input to the DCI's Annual Report

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1. Preparation of the DCI's Annual Report for calendar year 1978, due to the President and the Congress by 25 January 1979, is now under way. The DCI has approved a concept for this year's Annual Report which is more selective than last year's, both because this seems more appropriate to a 1978 characterized by attention to key intelligence issues rather than the comprehensive report approach used for 1977 as a year of extensive community restructuring, and also to limit length for a busy reader to a manageable 30-40 pages (last year's ran 80 plus). The DCI has also approved an outline for this year's report (Attachment 1). Part I is designed to allow the DCI to highlight the particular characteristics and emphases of 1978 in intelligence; Part II is intended to air several issues of great importance to him, his key Executive users, and the Congress. The Annual Report will carry a high classification and receive extremely limited distribution.

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2. We will rely on you for our principal guidance on calendar 1978 experience in use of the DCI's budget authority. How has it worked out in practice?

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-- Somewhat smoother intelligence community transition adjustments than expected, about the level of strain anticipated, more strain even than expected? What have been the major surprises?

-- How much more control in practice would you estimate the DCI has over the various programs? The total NFI program?

-- Where are the major problem areas, both political in enacting the spirit of the E.O., and practical in managing the program and budget process?

-- What major tools for improving the DCI's practical management of the NFIP do we need to devise or refine?

-- What unevenesses are there in NFIP review and integration? In what general areas (program or other) and for what reasons? To

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what degree does (necessary) concentration on scrubbing big dollar items translate into general NFIP effectiveness?

-- What have we learned from 1978 experience with NFIP liaison upward (with OMB, with the President and his staff, with the Congress)? Are there common elements to what works best with these disparate bosses?

-- To what degree does budget authority seem so far to translate into enhanced DCI influence or authority in the intelligence community? If any, is this an atmospheric increment, or can we give concrete dimensions to it?

25X1 3. Having been quite candid among ourselves about all of the foregoing to understand what is really happening, what would we propose the DCI say in his Annual Report about his experience with his new budget authority that is both forthcoming and accurate and reasonably diplomatic? **ILLEGIB**

25X1 4. The HPSCI has requested more attention in this year's Annual Report to the FBI's counterintelligence program and to INR's program. We are tasking these two organizations directly, but would also appreciate your Program Monitor's insights and data.

25X1 5. Your perspective on several of the Part II issues of special concern in this year's Annual Report would also be helpful, particularly the budget bow wave/technical sensors mix and trade-off problem; the appropriateness of the present collection-production budget balance; and some aspects of National/Tactical Interface matters. We are also asking PAO and various other intelligence community components for their perspectives on these issues. For your input, we will want to talk with you about feasible and sensible specifics for Annual Report purposes; probably existing data packages, such as the budget issue papers, can be modified or amplified in oral discussion, since we want to minimize extra Annual Report strain **ILLEGIB** on you at this busy time of year. But here is a tentative breakdown of the kinds of subissues we are interested in for the Annual Report.

a. With respect to the mix and cost of technical sensors for the mid-1980s and beyond, describe in overview terms the out-year cost implications of the combination of major systems now under discussion. Then recapitulate some of the major ways needs can be rearranged (scaled down, combined, stretched out, etc.) with what budget results? **ILLEGIB**

b. From a PBO point of view, what are the real and/or phoney factors behind the stark bottom line figures on collection costs vs. production costs in the NFIP? What proportion of attention do production segments of the various programs and the total NFIP get in your program and budget work in relation to collection segments? **ILLEGIB**

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who?

c. With respect to National/Tactical Interface aspects, what has been your 1978 experience with IRA: definitions and general philosophy about--your own, DoD's, the Congress'; practical numbers interface with the NFIP; actual changes in the NFIP-IRA line?

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6. You are, of course, welcome to volunteer input or observations on other aspects of the Annual Report outline.

is in charge of producing it. Please identify one or more points of contact for her to work with. If it would be simpler to make some of your input orally (e.g., on experience with the DCI's budget authority), she would be happy to work that way as well as with written pieces. We would like at least the bulk of your input by 10 November to allow preparation of an integrated draft of the entire report in November; review, rounding up odds and ends in December, and DCI approval and production in January.

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Attachments:

1. DCI Revised Outline - AR for 1978
2. DCI letter to NFIB principals requesting help on Annual Report

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25X1 DCI/RMS/PGO/ [redacted] (20 Oct 78)

I. 1978 in Intelligence

G. Intelligence and the Public

We in intelligence have sensed a favorable shift in both editorial and public opinion during the last year. There is an apparent growing view that the Community has been searchingly subjected to criticism and should now be free to do its job with appropriate oversight. Evidence comes in mail from the public sector, expressions of confidence from groups that I and others have addressed, and in a number of editorials from newspapers around the U.S. In addition, a number of media and other public expressions of outrage have been leveled against those who knowingly expose intelligence operations and people, and frustration at the legal and practical barriers that prevent the Government from taking action against them.

Last year the Intelligence Community stepped up its policy of openness and candor with the public. Our policy acknowledges the realities of 1978. Public insistence on the right to participate more fully in government was forged during the Vietnam years, sharpened by Watergate, and honed to a fine edge by investigations and exposures of the past. Wherever possible we seek opportunities where candor can improve public understanding of our essential role in government without endangering sensitive sources and methods.

In this connection, I delivered 38 speeches, up from 25 in the previous year. My Deputy, Frank Carlucci, although only a recent arrival, made 10 public speeches. Typical audiences have been college student bodies, professional and trade associations and media and

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business groups. While these appearances have taken place all across the country, we began late in the year to concentrate such efforts in parts of the country where experience indicates the true role and value of intelligence is least understood. We also imposed upon ourselves a fairly heavy schedule of media interviews (15), news conferences and meetings with newspaper editorial boards (16), radio and television and media event appearances (9), and appearances before several institutional groups who visited us at Langley.

Thirty-two separate public groups--involving several thousand people--visited the CIA headquarters in 1978. The majority of these visits were conducted after normal working hours and were carefully controlled to meet security considerations. Typical were alumni groups from Yale, MIT and Michigan; the annual convention of the National Newspaper Association and the Young President's Organization.

Mindful of my responsibility as principal spokesman for the Community, formalized for the first time in Executive Order 12036 in January of 1978, I always discuss the Intelligence Community as well as CIA on such occasions. We have and will continue to underscore problems of vital concern to the entire intelligence effort; security leaks, the inadequacy of existing sanctions to protect classified information, the progress made toward "charters" legislation and the adequacy of present oversight. In all public appearances I discuss the President's Intelligence Oversight Board and the beneficial relations with the intelligence committees of Congress. I have this

year formally charged my Director of Public Affairs to support me in both my Community responsibilities as DCI and as Director of the CIA. Individual agency and departmental public affairs officials within the Community meet together with him regularly to discuss subjects of common concern. INR substantive officers have long represented the Department of State in public discussions of U.S. foreign policy throughout the country, and INR is continuing this important public policy support function.

Having come out from under the "no comment" umbrella, we find that we are answering more queries from the press. In 1978 we responded to 2,200 queries. Our willingness to share information increased our credibility with the media. The response was particularly gratifying in October when I spoke to the National Press Club and drew a parallel between intelligence and the media regarding the protection of sources.

We are now sharing more of our analytical product with all Americans. Since early 1972 CIA has made available some 550 biographic aids, economic research aids, political and military publications, wall charts, atlases and factbooks, and bibliographic publications. In 1978 alone, some 130 publications of these kinds were released. For several years these unclassified publications have been made available through the Library of Congress and have been distributed to some 1,300 Federal Depository Libraries nationwide. Some of our maps, atlases and research materials have also been made available through the Government Printing Office. In an effort to increase the availability of such documents at more realistic prices, we have

contracted with the Department of Commerce's National Technical Information Service to improve and simplify distribution to the public.

In 1978 the CIA further increased its contacts with the academic world and vigorously undertook campaign to improve relations between the intelligence and academic communities. There are still academic specialists who are fearful that association with the intelligence world will have adverse effects on their careers, still some academic institutions in which relations with intelligence agencies are viewed with administrative reserve, and still some campuses on which anti-intelligence student activists find responsive audiences. The atmosphere overall has greatly improved, however, and it would be inaccurate to say that the work of the Intelligence Community is seriously hampered by such sources of friction that remain.

Symptomatic of improved relations with academia has been the success of a program, begun in February of 1978, of hosting university presidents at CIA headquarters to discuss mutual interests and problems. Those who visited in 1978 were the presidents of the Universities of Washington, Minnesota, Pittsburgh, Wisconsin, Miami, Louisiana State, Tulane, Johns Hopkins, Swarthmore and Virginia Polytechnic Institute; and the president of the American Council on Education. We plan to expand this program in 1979.

DIA has this past year assisted in U.S. Government efforts to account for remaining U.S. personnel lost in Southeast Asia: preparing 94 negotiating folders for Department of State's use with Vietnam and Laos; reviewing and documenting 417 cases of personnel

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still carried as missing in action or prisoners for the military services' use in resolving their status; aiding in identification of the remains of prisoners of war returned to the U.S. last August from Vietnam; initiating with Army a program to debrief selected Vietnamese refugees in the U.S. to confirm or negate recent reports of the existence of live American prisoners in Vietnam.

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FROM:	EXTENSION		NO.
RMS/PGO BW09 CHB			DATE 21 November 1978
TO: (Officer designation, room number, and building)	DATE	OFFICER'S INITIALS	COMMENTS (Number each comment to show from whom to whom. Draw a line across column after each comment.)
1. Public Affairs 1F04 HQS	RECEIVED	FORWARDED	Chuck: Here is my first cut at a public affairs section for the Annual Report. I stuck fairly closely to your input but please check for accuracy and tone and call me re whether it looks ok. I added the comments on INR & DIA from their inputs. Pls also mull over graphics possibilities in the next couple of weeks.
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ROUTING AND RECORD SHEET

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DCI's Annual Report

FROM:

Herbert E. Hetu
Special Assistant (Public Affairs)
to the Director of Central Intelligence

ROUTER/ROUTER

NO.

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DATE

6 November 1978

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building)

DATE

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